found that stock piling models for strategic storage are not typically based on commercial viability. The four public private partnership models suggested by KPMG are based on revenue generated by:

i. high trading gains or

ii. providing a priority access to the Indian spot crude market or

iii. a levy of cess on petroleum products.

As the cost would be eventually borne by domestic refineries/companies and/or passed on to the consumers in some form, none of the suggested models appear feasible or cost effective.

Blocks allotted to ONGC under NELP-VI

837. SHRI S.M. LALJAN BASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC has bagged 25 oil and gas blocks under NELP-VI recently;

(b) if so, the investment required for ONGC to properly explore these 25 oil and gas blocks in a systematic and timely manner;

(c) how ONGC will raise these funds for exploration in Indian shores; and

(d) the steps proposed by Government to carefully assess the ability of ONGC to do viable exploration?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir. Under the sixth round of New Exploration Licensing Policy (NELP-VI), ONGC has emerged as winner in 24 exploration blocks as operator, whereas ONGC is a consortium partner in another block won by Cairn Energy India Ltd. (as operator). The Production Sharing Contracts (PSCs) for the awarded blocks have been signed on 2nd March, 2007.

(b) The expected expenditure for committed work in the first phase of exploration in the 24 blocks where ONGC is operator is US $ 577.91 million. In the block PR-OSN-2004/1 where CAIRN is the operator and ONGC holds 35% working interest, the expected expenditure in first phase is US$ 16.303 million (ONGC Share).

(c) The funds for the exploration of oil and gas in the blocks allotted to ONGC in NELP-VI, shall be arranged from internal resources of ONGC.

(d) Under NELP bidding, blocks are awarded to successful bidders through international competitive bidding. The Bid Evaluation Criteria (BEC) takes into account the technical and financial capability of the bidders. As per the provisions of PSC, ONGC has to furnish Bank Guarantee of 35% of the estimated cost of Work Programme committed by it in its respective bid(s). The PSC further provides for Management Committee (MC) comprising the representatives from the Company and Government of India. One of the functions of the MC is to monitor the progress of Minimum Work Programme (MWP) committed by company at the time of bidding. In case, MWP is not completed by ONGC, the amount towards unfinished work programme is received by the Government as liquidated damages, as per the provisions of PSC. The above provisions allow Government to monitor the performance of the ONGC and also act as deterrent for the ONGC and other awardee winners to adhere to the exploration programme undertaken by them at the time of bidding.

Setting up of new refineries

838. SHRI S.M. LALJAN BASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have any proposal to establish new refineries in the next five years;

(b) if so, the PSU selected for building new refineries;

(c) whether it is more cost-beneficial to buy refined petroleum instead of setting up huge refineries that lead to displacement of massive populations and environmental pollution;

(d) whether Government have studied the negative spin-offs resulting from the setting up of new oil refineries on our shores; and

(e) if-not, whether a study will be undertaken on the cost-benefit of building refineries and importing crude for them?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b)The refinery sector was delicensed in June, 1998. Since then a refinery can be set up anywhere